

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-06 IO-10 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

AF-06 ARA-06 NEA-10 FTC-01 /132 W

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R 092115Z JUL 75

FM USDEL MTN GENEVA

TO SECSTATE WASHDC 246

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

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DEPT PASS STR

E.O. 11652: N/A

TAGS: ETRD GATT

SUBJECT: MTN: CONSULTATIONS ON TNC MEETINGS

REF: MTN GENEVA 5531#

1. SUMMARY: INTENSIVE CONSULTATIONS WITH DG LONG AND
CANADA, EC, AND JAPAN CONFIRMED COOL RECEPTION REPORTED
REFTEL TO US PROPOSAL FOR REACHING EARLY RESULTS IN
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MTN. CONCERN LINGERS OVER POSSIBILITY OF DASHED

EXPECTATION, ARGUMENTS OVER PRIORITIES, AND DIFFICULTY OF ACHIEVING BALANCE IN EARLY RESULTS. ALL ADMIT POSSIBILITY AND DESIRABILITY OF MAKING TANGIBLE, EARLY PROGRESS, SHORT OF CONCLUSION OF AGREEMENTS, BUT URGE LOW-KEY TREATMENT AT TNC. THEY PROFESS TO HAVE OPEN MIND ON POSSIBILITY THAT BY END OF YEAR IT MAY BE POSSIBLE TO SEE OUTLINES OF SOME INITIAL AGREEMENTS. END SUMMARY.

2. IN INTENSIVE CONSULTATION SUBSEQUENT TO 7 PLUS 7 MEETING REPORTED REFTEL, I AGAIN WENT OVER THE GENERAL COURSE OF ACTION THAT US WOULD PROPOSE AT NEXT WEEKS TNC MEETING. I TOOK PAINS TO MAKE CLEAR THAT WE WERE NOT PROPOSING THAT TNC DECIDE TO NEGOTIATE MINI-PACKAGE OR EVEN DECIDE PRIORITIES FOR FALL NEGOTIATION, BUT RATHER THAT TNC CHARGE THE WORKING GROUPS WITH RESPONSIBILITY WITH FINDING AREAS WHERE AGREEMENT CAN, WITH INCREASED EFFORT AND POLITICAL WILL, BE REACHED EARLIER THAN OTHERWISE AND ALSO THOSE AREAS WHICH WOULD BE MOST DIFFICULT AND THUS REQUIRE MOST EFFORT IF AGREEMENT IS TO BE REACHED. THIS WOULD BE OVERLAY TO EXISTING MTN WORK PROGRAM AND NOT IMPLY LEAVING SOME ITEMS BEHIND. OBJECT WOULD BE TO INCREASE THE PROSPECTS FOR REACHING EARLY AGREEMENT IN ONE OR MORE AREAS IN ORDER TO DEMONSTRATE MTN VIABILITY DURING DIFFICULT ECONOMIC SITUATION AND ALSO TO HEAD OFF POLITICAL PROBLEMS PRESENTED IF ONLY TROPICAL PRODUCT AGREEMENT CAN BE COMPLETED IN SHORT RUN. I STRESSED THAT THIS WAS INTENDED TO AVOID A FRUITLESS PROCEDURAL STRUGGLE OVER NEGOTIATING PRIORITIES, BY BUILDING ON WORK ALREADY UNDERWAY.

3. GATT DG LONG CONTINUE TO THINK IDEA OF EARLY RESULTS WAS A GOOD ONE AND AGREED WITH OUR RATIONALE. HIS IDEA, HOWEVER, WAS THAT DURING PERIOD OF TNC (I.E. NEXT WEEK AND THEREAFTER) MAJOR PARTNERS SHOULD INFORMALLY AGREE ON AREAS WHICH COULD BE BEST PROSPECTS FOR EARLY RESULTS. HE FELT A "GENERAL UNDERSTANDING" SHOULD BE SOUTH NOW, A PROSPECT I PRIVATELY VIEW AS UNLIKELY. I INDICATED OUR VIEW LIMITED OFFICIAL USE

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THAT IT WOULD NOT BE APPROPRIATE TO SEEK THESE KINDS OF UNDERSTANDINGS AT THIS STAGE. RATHER, I ASSURED HIM THAT WE WOULD CONTINUE TO HAVE BILATERAL CONSULTATIONS DURING THE FALL TO ASSIST THE PROGRESS OF THE WORKING GROUPS. LONG THOUGHT THAT A SET OF EARLY RESULTS MIGHT INCLUDE, IN ADDITION TO TROPICAL PRODUCTS, AN AGREEMENT ON "PRINCIPLES" OF TARIFF CUTTING FORMULA (WITHOUT SPECIFIC PERCENTAGES OR

EXCEPTION PROVISIONS); "ONE OR TWO" NTMS; AND POSSIBILITY SOMETHING ON MEAT. LAST OF THESE MIGHT BE LEAST DIFFICULT AGRICULTURAL ITEM TO MAKE PROGRESS ON AND WOULD BE OF SPECIAL INTEREST TO LDCS. IN PRESSING FOR UNDERSTANDING ON PRIORITIES, HOWEVER, LONG WAS EMPHATIC THAT IT SHOULD BE A DETERMINATION "FROM THE GROUND UP," GROWING OUT OF WORK ALREADY UNDERWAY, RATHER THAN DECISION "AT THE TOP" BY FORMAL AGREEMENT OF TNC REPS. HE SAW LATTER COURSE AS NOT PRODUCTIVE AND LIKELY TO SHIFT FOCUS FROM NEGOTIATIONS TO PROCEDURAL WRANGLES. HE WAS ALSO CONCERNED, AND I CONCURRED, AT RISK OF POLITICIZING NEGOTIATIONS IF THE LATTER COURSE WERE FOLLOWED.

4. ON QUESTION RAISED BY SOME DELS OF WHETHER DECEMBER TNC SHOULD BE AT MINISTERIAL LEVEL, LONG SAID HE OPPOSED. HE AGREED THAT PERIODIC MEETING OF NATIONAL TRADE MINISTERS WOULD BE PROGRESSIVE AND USEFUL STEP BUT DID NOT THINK TNC WAS APPROPRIATE CONTEXT. HIS OWN PLAN WAS TO FIND PROPITIOUS OCCASION, PERHAPS EARLY IN 1976, FOR CONVENING MEETINGS OF HIS CONSULTATIVE GROUP OF 18 AT MINISTERIAL LEVEL. (THIS ASSUMED APPROVAL BY GATT COUNCIL AND PRELIMINARY ORGANIZATIONAL MEETING OF CONSULTATIVE GROUP SECOND HALF OF OCTOBER AT NON-MINISTERIAL LEVEL.) HE DID NOT THINK MINISTERS SHOULD MEET UNTIL WORLD ECONOMIC SITUATION HAD CLEARLY BEGUN TO IMPROVE.

5. CANADA (GREY) IN BILATERAL CONSULTATIONS EXPRESSED MISGIVING WITH US APPROACH AT THIS PARTICULAR TIME, AND THOUGHT IT MORE APPROPRIATE FOR DECEMBER. WE WOULD BE IN BETTER POSITION AT THAT TIME TO ASSESS VIABILITY OF PROPOSITION THAT EARLY AGREEMENTS LIMITED OFFICIAL USE

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WERE IN FACT POSSIBLE. HE PROFESSED NOT TO BE TROUBLED BY LOW VISIBILITY OF MTN DURING DIFFICULT ECONOMIC PERIOD NOR BY PROSPECTS FOR TROPICAL PRODUCT AGREEMENT WITHOUT RESULTS ELSEWHERE. WHILE HE AGREED THAT WE SHOULD BE AIMING FOR CONCRETE ACHIEVEMENT EARLY ON, HE THOUGHT THAT NEGOTIATIONS ARE MOVING AS FAST AS POSSSBLE ALREADY IN SOME AREAS (E.G., SUBSIDIES/ COUNTERVAIL, CUSTOMS VALUATION, NOMENCLATURE), GIVEN DIFFICULTY OF SUBJECT MATTER, CONSTRAINTS OF MANPOWER AND LIMITED SPAN OF ATTENTION IN MANU CAPITALS. (PRIVATELY, I AGREED WITH GREY ON THIS. WE ARE NOT PREPARED TO MOVE MUCH FASTER ON THESE ISSUES THAN WE ARE NOW DOING.) REAL PROBLEM IN GREY'S VIEW WAS LACK OF PROGRESS IN SOME KEY AREAS, E.G., AGRICULTURE, SECTORS, AND ANTIDUMPING. HE CAUTIONED AGAINST

RAISING EXPECTATIONS IN TNC AND PUBLICLY THAT MIGHT
NOT BE FULFILLED AND WARNED THAT EVEN IF OUR
INTENTIONS WERE TO PRODUCE PROGRESS, OUR APPROACH
WOULD SET THE STAG IN WORKING GROUPS FOR THE VERY
ARGUMENTS OVER PRIORITIES WHICH WE SOUGHT TO AVOID.
HE FURTHER STRESSED THAT LINKAGES WMONG SOME AREAS
WOULD ACT AS OVERALL BRAKE ON RATE OF PROGRESS ON
PARTICULAR ITEMS, CITING EXAMPLE OF CANADIAN
WILLINGNESS TO AGREE TO TARIFF HYPOTHESIS ONLY IF

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USMISSION EC BRUSSELS

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WORK ON SECTORS BEGINS TO GET SERIOUS TREATMENT FROM PARTNERS. HE THOUGHT, HOWEVER, THAT HE COULD GO ALONG WITH OUR APPROACH TO EXTENT THAT IT WAS CAST IN TERMS OF SEEKING INDICATORS OF PROGRESS RATHER THAN COMMITTING GOVERNMENTS TO EARLY FINAL AGREEMENTS AND IF COUPLED WITH SOME PUSH IN LAGGING AREAS NOTED ABOVE.

6. IN JOINT DISCUSSION WITH EC AND JAPAN, CONFUSION LIMITED OFFICIAL USE

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STILL PRESENT OVER DISTINCTION BETWEEN TNC DECISION ON PRIORITY AREAS (WHICH WE WERE NOT PROPOSING) AND IDEA THAT FALL WORK PROGRAM SHOULD BE STRUCTURED TO LEAD TO RESULTS AS EARLY AS POSSIBLE. BOTH EC (LUYTEN, PHAN VAN PHI, PIZUTTI) AND JAPAN (TSURUMI, MIZOGUCHI) SEEMED TO THINK WE WOULD BE PROPOSING THAT DEADLINES BE SET IN SOME AREAS AND THAT WORK THEN BE STRUCTURED TOWARD THOSE DEADLINES. EC AGREE WITH IDEA OF EMPHASIZING MORE RAPID WORK IN AREAS WHERE POSSIBLE BUT PREFERRED TO SEE THIS AS "SPONTANEOUS" RATHER THAN "ARBITRARY" APPROACH. THEY ALSO CAUTIONED AGAINST RAISING EXPECTATION, GIVING PUBLICITY, AND OTHERWISE CALLING ATTENTION TO FUTURE POSSIBILITIES WHICH WERE NOT CLEARLY WITHIN OUR GRASP. ("UNLESS YOU'RE SURE YOU ARE A HEN, DON'T PROMISE TO LAY AN EGG") JAPAN ECHOED THIS VIEW WITH EVEN DEEPER SKEPTICISM. WHEN I CALLED EC ATTENTION TO SOAMES STATEMENT TO EUROPEAN PARLIAMENT SUGGESTING CONCENTRATION OF EFFORT TO GET CLOSER TO SOLUTIONS AT AN EARLY DATE IN SOME AREAS, THEY AGREED THAT SOAMES STATEMENT WAS INDEED CURRENT EC VIEW BUT INCLUDED CAVEAT ON NEED TO AVOID PRIORITIES ARGUMENT AND ACHIEVE OVERALL BALANCE. JAPAN EXPRESSED PARTICULAR ATTACHMENT TO THESE CAVEATS.

7. REGARDING EC AND JAPANESE STATEMENTS ON SUPPLY ISSUES NOTED IN REFTEL, LUYTEN EXPLAINED HE WAS SIMPLY INDICATING THAT EC THOUGHT TNC SHOULD AT LEAST AGREE THAT SUPPLY ISSUES WERE LEGITIMATE SUBJECTS FOR TNC WORKING GROUP. HE HAD NOT BEEN PROPOSING TO SET UP A SEPARATE SUPPLY GROUP OR FORMALLY TASK EXISTING GROUPS AT THIS TIME. JAPAN SAID THEY HAD SAME VIEW.

8. AUSTRALIA SAID THEY FOUND CONSIDERABLY MORE "ELASTICITY" IN US APPROACH THAN THEY HAD BEEN LED TO BELIEVE. AMBASSADOR WARWICK-SMITH LEFT ME WITH IMPRESSION THAT AUSTRALIA WOULD SUPPORT THE US PROPOSAL, BUT WITHOUT MUCH ENTHUSIASM.

9. COMMENT: THE RESERVATIONS WHICH DELEGATES HERE
HAVE RAISED WARRENT SERIOUS CONSIDERATION. THERE IS
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GENUINE CONCERN THAT IMMEDIATE FOCUS UPON SEEKING
EARLY AGREEMENTS COULD DETRACT FROM ACHIEVING SUBSTANTIVE
PROGRESS IN THE TALKS. EVEN IF US INITIATIVE NOT
INTENDED TO DO SO, IT COULD BE SEIZED UPON BY
LDCS OR OTHERS, TO TURN AUTUMN WORKING GROUP MEETINGS
INTO FORUMS IN WHICH THEY PRESS DEMANDS FOR IMMEDIATE
RELIEF OR OTHER FAVORITE PROPOSALS AND MTN COULD
BEGIN TO RESEMBLE UNCTAD. THERE IS ALSO WIDESPREAD
BELIEF THAT ON MANY MATTERS MTN NOW PROCEEDING AS
RAPIDLY AS POSSIBLE AND "ARTIFICIAL" EXHORTATIONS
TO REACH EARLY AGREEMENT ARE UNNECESSARY AND WILL NOT
SPEED THINGS UP IN ANY EVENT.

10. THE REAL HANG-UP IS ON COMMITTING TO REACH
FINAL AGREEMENTS. THERE IS A BROAD CONSENSUS ON
THE NEED FOR CONTINUED PROGRESS AND FOR THE TNC TO
SHOW LEADERSHIP IN THAT DIRECTION. THERE IS ALSO
WILLINGNESS TO ACCEPT NOTION OF PROCEDURAL MILESTONES
AS WAY OF MEASURING PROGRESS. BUT IT IS ALSO FELT
THAT MOST DISCUSSIONS ARE TOO PRELIMINARY TO WARRENT
COMMITTING NOW TO CONCLUDING AGREEMENTS. IT
IS GENERALLY FELT THAT PROGRESS IS BEING MADE, THAT
THE NEGOTIATIONS ARE REALLY JOINED AND THAT THIS FALL
WILL BE THE TIME WHEN PEOPLE CAN TEST ONE ANOTHER. BUT
RIGHT NOW IS TOO EARLY, MOST DELEGATES FEEL, TO
COMMIT TO MUCH MORE THAN A DESIRE AND DETERMINATION
(GENERALLY HELD BY THE DELEGATES HERE WHO HAVE A
STAKE IN THE SUCCESS OF THESE TALKS) TO WORK HARD
AND KEEP AIMING FOR MORE PROGRESS, SHORT OF
COMMITTING TO AGREEMENTS. WALKER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEETING AGENDA, TRADE AGREEMENTS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 09 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975MTNGE05372
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750237-0767
From: MTN GENEVA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750773/aaaacnai.tel
Line Count: 316
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 MTN GENEVA 5531
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 22 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 APR 2003 by SmithRJ>; APPROVED <02 OCT 2003 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MTN: CONSULTATIONS ON TNC MEETINGS
TAGS: ETRD, GATT, MTN
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006